



FIRST NATIONAL BANK

Member FDIC

RECORDATION NO. 27612 FILED

AUG 27 '08

4-36 PM



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SURFACE TRANSPORTATION BOARD

Secretary, Surface Transportation Board
Washington, D.C.

Dear Secretary:

I have enclosed an original and one copy /counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is an equipment security and lease agreement , a primary document, dated
August 6 2008.

We request that this assignment be cross-indexed.
The names and addresses of the parties to the documents are as follows:

Mortgagor – First National Bank
1821 S. 10th
McAllen, Texas 78503

Mortgagee - Paul G. Veale, Jr.
(Rio Grande Chemical Ltd.)
901 Lindberg
McAllen, Texas 78502

Lessor: Rio Grande Chemical, Ltd.
(formerly Rio Grande Chemical Sales Company)
901 Lindberg
McAllen, Texas 78502

Lessee: Essroc Cement Corp.
Hwy #31
Speed, Indiana 47172

A description of the equipment covered by the document follows:

59 covered hopper railcars – RGCX20171, RGCX20172, RGCX20173, RGCX20174, RGCX20175, RGCX20176, RGCX20177, RGCX20178, RGCX20179, RGCX20180, RGCX20181, RGCX20182, RGCX20183, RGCX20184, RGCX20185, RGCX20186, RGCX20187, RGCX20188, RGCX20189, RGCX20190, RGCX20191, RGCX20192, RGCX20193, RGCX20194, RGCX20195, RGCX20196, RGCX20197, RGCX20198, RGCX20199, RGCX20200, RGCX20201, RGCX20202, RGCX20203, RGCX20204, RGCX20205, RGCX20206, RGCX20207, RGCX20208, RGCX20209, RGCX20210, RGCX20211, RGCX20212, RGCX20213, RGCX20214, RGCX20215, RGCX20216, RGCX20218, RGCX20219, RGCX20220, RGCX20221, RGCX20222, RGCX20223, RGCX20224, RGCX20225, RGCX20226, RGCX20227, RGCX20228, RGCX20229, RGCX20230.

A fee of \$41.00 is enclosed. Please return the original and any extra Copies not needed by the Commission for recordation to:

First National Bank
c/o Mayra Woloski
1821 S. 10th
McAllen, Texas 78503

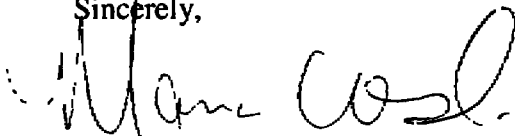
A short summary of the document to appear in the index follows:

Primary Document: Equipment Security Agreement between:
Mortgagor – First National Bank
1821 S. 10th
McAllen, Texas 78503

Mortgagee - Paul G. Veale, Jr.
(Rio Grande Chemical Ltd.)
901 Lindberg
McAllen, Texas 78502

Document dated August 5, 2008 and covering 59 covered hopper railcars
marked RGCX20171 thru RGCX20230, excluding RGCX20217.

Sincerely,

A handwritten signature in black ink, appearing to read "Mayra Woloski". The signature is fluid and cursive, with a large loop at the end.

Mayra Woloski, Branch President
First National Bank

DEBTOR NAME AND ADDRESS

PAUL G. VEALE JR
P O BOX 69
MCALLEN, TX 78505

SECURED PARTY NAME AND ADDRESS

FIRST NATIONAL BANK-MCALLEN SOUTH 10TH
(ID# _____)
P O BOX 810
EDINBURG, TX 78540

RECORDATION NO. 27612 FILED

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4-36 PM

Type: ☒ individual ☐ partnership ☐ corporation ☐ _____
State of organization/registration (if applicable) TX
☐ If checked, refer to addendum for additional Debtors and signatures.

SURFACE TRANSPORTATION BOARD

COMMERCIAL SECURITY AGREEMENT

The date of this Commercial Security Agreement (Agreement) is 08-08-2008

SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment and performance of the following described Secured Debts that (check one) ☒ Debtor ☐ _____ (Obligor) owes to Secured Party:

☒ **Specific Debts.** The following debts and all extensions, renewals, refinancings, modifications, and replacements (describe):
1136000917

☐ **All Debts.** All present and future debts, even if this Agreement is not referenced, the debts are also secured by other collateral, or the future debt is unrelated to or of a different type than the current debt. Nothing in this Agreement is a commitment to make future loans or advances.

SECURITY INTEREST. To secure the payment and performance of the Secured Debts, Debtor gives Secured Party a security interest in all of the Property described in this Agreement that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership, and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property, any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Obligor.

PROPERTY DESCRIPTION. The Property is described as follows:

- ☐ **Accounts and Other Rights to Payment:** All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.
- ☒ **Inventory:** All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.
- ☐ **Equipment:** All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create a valid security interest in all of Debtor's equipment.
- ☐ **Instruments and Chattel Paper:** All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.
- ☐ **General Intangibles:** All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.
- ☐ **Documents:** All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.
- ☐ **Farm Products and Supplies:** All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.
- ☐ **Government Payments and Programs:** All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.
- ☐ **Investment Property:** All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.
- ☐ **Deposit Accounts:** All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts
- ☒ **Specific Property Description:** The Property includes, but is not limited by, the following (if required, provide real estate description):

ASSIGNMENT OF BORROWER'S SECURITY INTEREST IN
59 RAIL CARS
RGCX20171 THRU RGX20230
EXCLUDING RGX20217

USE OF PROPERTY. The Property will be used for ☐ personal ☒ business ☐ agricultural ☐ _____ purposes.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

SIGNATURES. Debtor agrees to the terms on pages 1 and 2 of this Agreement and acknowledges receipt of a copy of this Agreement.

DEBTOR

PAUL G. VEALE JR

SECURED PARTY

FIRST NATIONAL BANK-MCALLEN SOUTH 10TH, (ID# _____)

683MTW
BRANCH PRESIDENT

GENERAL PROVISIONS. Each Debtor's obligations under this Agreement are independent of the obligations of any other Debtor. Secured Party may sue each Debtor individually or together with any other Debtor. Secured Party may release any part of the Property and Debtor will remain obligated under this Agreement. The duties and benefits of this Agreement will bind the successors and assigns of Debtor and Secured Party. No modification of this Agreement is effective unless made in writing and signed by Debtor and Secured Party. Whenever used, the plural includes the singular and the singular includes the plural. Time is of the essence.

APPLICABLE LAW. This Agreement is governed by the laws of the state in which Secured Party is located. In the event of a dispute, the exclusive forum, venue, and place of jurisdiction will be the state in which Secured Party is located, unless otherwise required by law. If any provision of this Agreement is unenforceable by law, the unenforceable provision will be severed and the remaining provisions will still be enforceable.

NAME AND LOCATION. Debtor's name indicated on page 1 is Debtor's exact legal name. If Debtor is an individual, Debtor's address is Debtor's principal residence. If Debtor is not an individual, Debtor's address is the location of Debtor's chief executive offices or sole place of business. If Debtor is an entity organized and registered under state law, Debtor has provided Debtor's state of registration on page 1. Debtor will provide verification of registration and location upon Secured Party's request. Debtor will provide Secured Party with at least 30 days notice prior to any change in Debtor's name, address, or state of organization or registration.

WARRANTIES AND REPRESENTATIONS. Debtor has the right, authority, and power to enter into this Agreement. The execution and delivery of this Agreement will not violate any agreement governing Debtor or Debtor's property, or to which Debtor is a party. Debtor makes the following warranties and representations which continue as long as this Agreement is in effect:

- (1) Debtor is duly organized and validly existing in all jurisdictions in which Debtor does business;
- (2) the execution and performance of the terms of this Agreement have been duly authorized, have received all necessary governmental approval, and will not violate any provision of law or order;
- (3) other than previously disclosed to Secured Party, Debtor has not changed Debtor's name or principal place of business within the last 10 years and has not used any other trade or fictitious name; and
- (4) Debtor does not and will not use any other name without Secured Party's prior written consent.

Debtor owns all of the Property, and Secured Party's claim to the Property is ahead of the claims of any other creditor, except as otherwise agreed and disclosed to Secured Party prior to any advance on the Secured Debts. The Property has not been used for any purpose that would violate any laws or subject the Property to forfeiture or seizure.

DUTIES TOWARD PROPERTY. Debtor will protect the Property and Secured Party's interest against any competing claim. Except as otherwise agreed, Debtor will keep the Property in Debtor's possession at the address indicated on page 1 of this Agreement. Debtor will keep the Property in good repair and use the Property only for purposes specified on page 1. Debtor will not use the Property in violation of any law and will pay all taxes and assessments levied or assessed against the Property. Secured Party has the right of reasonable access to inspect the Property, including the right to require Debtor to assemble and make the Property available to Secured Party. Debtor will immediately notify Secured Party of any loss or damage to the Property. Debtor will prepare and keep books, records, and accounts about the Property and Debtor's business, to which Debtor will allow Secured Party reasonable access.

Debtor will not sell, offer to sell, license, lease, or otherwise transfer or encumber the Property without Secured Party's prior written consent. Any disposition of the Property will violate Secured Party's rights, unless the Property is inventory sold in the ordinary course of business at fair market value. If the Property includes chattel paper or instruments, either as original collateral or as proceeds of the Property, Debtor will record Secured Party's interest on the face of the chattel paper or instruments.

If the Property includes accounts, Debtor will not settle any account for less than the full value, dispose of the accounts by assignment, or make any material change in the terms of any account without Secured Party's prior written consent. Debtor will collect all accounts in the ordinary course of business, unless otherwise required by Secured Party. Debtor will keep the proceeds of the accounts, and any goods returned to Debtor, in trust for Secured Party and will not commingle the proceeds or returned goods with any of Debtor's other property. Secured Party has the right to require Debtor to pay Secured Party the full price on any returned items. Secured Party may require account debtors to make payments under the accounts directly to Secured Party. Debtor will deliver the accounts to Secured Party at Secured Party's request. Debtor will give Secured Party all statements, reports, certificates, lists of account debtors (showing names, addresses, and amounts owing), invoices applicable to each account, and any other data pertaining to the accounts as Secured Party requests.

If the Property includes farm products, Debtor will provide Secured Party with a list of the buyers, commission merchants, and selling agents to or through whom Debtor may sell the farm products. Debtor authorizes Secured Party to notify any additional parties regarding Secured Party's interest in Debtor's farm products, unless prohibited by law. Debtor agrees to plant, cultivate, and harvest crops in due season. Debtor will be in default if any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetland to produce or to make possible the production of an agricultural commodity, further explained in 7 C.F.R. Part 1940, Subpart G, Exhibit M.

If Debtor pledges the Property to Secured Party (delivers the Property into the possession or control of Secured Party or a designated third party), Debtor will, upon receipt, deliver any proceeds and products of the Property to Secured Party. Debtor will provide Secured Party with any notices, documents, financial statements, reports, and other information relating to the Property Debtor receives as the owner of the Property.

PERFECTION OF SECURITY INTEREST. Debtor authorizes Secured Party to file a financing statement covering the Property. Debtor will comply with, facilitate, and otherwise assist Secured Party in connection with obtaining possession or control over the Property for purposes of perfecting Secured Party's interest under the Uniform Commercial Code.

INSURANCE. Debtor agrees to keep the Property insured against the risks reasonably associated with the Property until the Property is released from this Agreement. Debtor may choose the insurance company, subject to Secured Party's approval, which will not be unreasonably withheld. Debtor will give Secured Party and the insurance provider immediate notice of any loss. Secured Party may apply the insurance proceeds toward the Secured Debts. Secured Party may require additional security as a condition of

permitting any insurance proceeds to be used to repair or replace the Property. If Secured Party acquires the Property in damaged condition, Debtor's rights to any insurance policies and proceeds will pass to Secured Party to the extent of the Secured Debts. Debtor will immediately notify Secured Party of the cancellation or termination of insurance.

COLLATERAL PROTECTION INSURANCE NOTICE

As part of this Agreement, Debtor gives Secured Party a security interest in the Property described on page 1. Debtor is required to maintain insurance on the Property in an amount Secured Party specifies, subject to applicable law. Debtor agrees to purchase the insurance from an insurer authorized to do business in Texas or an eligible surplus lines insurer to the extent permitted by law. Debtor will name Secured Party as loss payee on the insurance policy. Debtor may be required to deliver a copy of the property insurance policy and proof of payment of premiums to Secured Party. If Debtor fails to meet any of these requirements, Secured Party may obtain collateral protection insurance on Debtor's behalf. Secured Party is not required to purchase any type or amount of insurance. Secured Party may obtain replacement cost insurance if authorized under applicable law, subject to policy limits. If Secured Party purchases insurance for the Property, Debtor will be responsible for the cost of that insurance, including interest and any other charges incurred by Secured Party in connection with the placement of collateral protection insurance to the extent permitted by law. Debtor understands that insurance obtained by Secured Party may cost significantly greater than the cost of insurance Debtor could have obtained. Amounts that Debtor owes are due and payable upon demand or on such other terms as Secured Party requires to the extent permitted by law.

AUTHORITY TO PERFORM. Debtor authorizes Secured Party to do anything Secured Party deems reasonably necessary to protect the Property and Secured Party's interest in the Property. If Debtor fails to perform any of Debtor's duties under this Agreement, Secured Party is authorized, without notice to Debtor, to perform the duties or cause them to be performed. These authorizations include, but are not limited to, permission to pay for the repair, maintenance, and preservation of the Property and take any action to realize the value of the Property. Secured Party's authority to perform for Debtor does not create an obligation to perform, and Secured Party's failure to perform will not preclude Secured Party from exercising any other rights under the law or this Agreement.

If Secured Party performs for Debtor, Secured Party will use reasonable care. Reasonable care will not include any steps necessary to preserve rights against prior parties or any duty to take action in connection with the management of the Property.

If Secured Party comes into possession of the Property, Secured Party will preserve and protect the Property to the extent required by law. Secured Party's duty of care with respect to the Property will be satisfied if Secured Party exercises reasonable care in the safekeeping of the Property or in the selection of a third party in possession of the Property.

Secured Party may enforce the obligations of an account debtor or other person obligated on the Property. Secured Party may exercise Debtor's rights with respect to the account debtor's or other person's obligations to make payment or otherwise render performance to Debtor, and enforce any security interest that secures such obligations.

PURCHASE MONEY SECURITY INTEREST. If the Property includes items purchased with the Secured Debts, the Property purchased with the Secured Debts will remain subject to Secured Party's security interest until the Secured Debts are paid in full. Payments on any non-purchase money loan also secured by this Agreement will not be applied to the purchase money loan. Payments on the purchase money loan will be applied first to the non-purchase money portion of the loan, if any, and then to the purchase money portion in the order in which the purchase money Property was acquired. If the purchase money Property was acquired at the same time, payments will be applied in the order Secured Party selects. No security interest will be terminated by application of this formula.

DEFAULT. Debtor will be in default if:

- (1) Debtor (or Obligor, if not the same) fails to make a payment in full when due;
- (2) Debtor fails to perform any condition or keep any covenant on this or any debt or agreement Debtor has with Secured Party;
- (3) a default occurs under the terms of any instrument or agreement evidencing or pertaining to the Secured Debts;
- (4) anything else happens that either causes Secured Party to reasonably believe that Secured Party will have difficulty in collecting the Secured Debts or significantly impairs the value of the Property.

REMEDIES. After Debtor defaults, and after Secured Party gives any legally required notice and opportunity to cure the default, Secured Party may at Secured Party's option do any one or more of the following:

- (1) make all or any part of the Secured Debts immediately due and accrue interest at the highest post-maturity interest rate;
- (2) require Debtor to gather the Property and make it available to Secured Party in a reasonable fashion;
- (3) enter upon Debtor's premises and take possession of all or any part of Debtor's property for purposes of preserving the Property or its value and use and operate Debtor's property to protect Secured Party's interest, all without payment or compensation to Debtor;
- (4) use any remedy allowed by state or federal law, or provided in any agreement evidencing or pertaining to the Secured Debts.

If Secured Party repossesses the Property or enforces the obligations of an account debtor, Secured Party may keep or dispose of the Property as provided by law. Secured Party will apply the proceeds of any collection or disposition first to Secured Party's expenses of enforcement, which includes reasonable attorneys' fees and legal expenses to the extent not prohibited by law, and then to the Secured Debts. Debtor (or Obligor, if not the same) will be liable for the deficiency, if any.

By choosing any one or more of these remedies, Secured Party does not give up the right to use any other remedy. Secured Party does not waive a default by not using a remedy.

WAIVER. Debtor waives all claims for damages caused by Secured Party's acts or omissions where Secured Party acts in good faith.

NOTICE AND ADDITIONAL DOCUMENTS. Where notice is required, Debtor agrees that 10 days prior written notice will be reasonable notice to Debtor under the Uniform Commercial Code. Notice to one party is notice to all parties. Debtor agrees to sign, deliver, and file any additional documents and certifications Secured Party considers necessary to perfect, continue, or preserve Debtor's obligations under this Agreement and to confirm Secured Party's lien status on the Property.

**SECURITY AGREEMENT
(Equipment)**

July 8, 2008

Debtor: RIO GRANDE CHEMICAL, LTD.
Debtor's Mailing Address: 901 Lindberg
McAllen, Hidalgo County, Texas 78501
Secured Party: PAUL G. VEALE, JR.
Secured Party's Address: 901 Lindberg
McAllen, Hidalgo County, Texas 78501
Classification of Collateral: Equipment
Collateral: All of Debtor's interest in the following personal property (and all rental proceeds of such property):
(i) Fifty-nine (59) 1999 Trinity 110-ton covered hopper railcars, numbers RGCX 20171 through RGCX 20216 and RGCX 20218 through RGCX 20230 (collectively, the "Railcars");
(ii) all accessories, fixtures and equipment related to the Railcars; and
(iii) any contract rights or rights to the payment of money associated with the rental of the Railcars.
Lender (Secured Party): PAUL G. VEALE, JR.
Maturity date: February 8, 2016
Purchase Money Lien: Debtor expressly acknowledges a purchase money security interest on the Collateral as security for the Note secured by this security agreement, which represents funds advanced by Lender at Debtor's request and used in payment of the purchase price of the Collateral.

Debtor's Representations Concerning Debtor and Locations: The Collateral shall be located at all times within the continental boundaries of the United States of America and/or Mexico. Debtor's place of business/Debtor's chief executive office is located at 901 Lindberg, McAllen, Hidalgo County, Texas 78501. Debtor's state of organization is Texas; Debtor's name, as shown in its organizational documents, as amended, is exactly as set forth above; and Debtor's organizational identification number is 800129766. Debtor's federal tax identification number is 74-1822191. Debtor's records concerning the Collateral are located at 901 Lindberg, McAllen, Hidalgo County, Texas 78501.

Debtor's Grant of Security Interest: Debtor grants to Secured Party a security interest in the Collateral and all its proceeds to secure the obligations hereunder and all renewals, modifications, and extensions of the obligations.

Debtor's Authorization to File Financing Statements: Debtor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that describe the Collateral. Debtor also ratifies its authorization for the Secured Party to have filed in any



Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof. Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office of the Surface Transportation Board any memoranda and amendments thereto that (a) indicate the Collateral as those assets of the Debtor described above as the Railcars as the "Collateral," and (b) provide any other information required by 49 U.S.C. § 11301, for the sufficiency or filing office acceptance of any memoranda or amendment. The Debtor agrees to furnish any such information to the Secured Party promptly upon the Secured Party's request. The Debtor also ratifies its authorization for the Secured Party to have filed with the Surface Transportation Board any like memoranda or amendments thereto if filed prior to the date hereof.

A. Debtor represents and warrants the following:

1. No financing statement covering the Collateral is filed in any public office except any financing statement in favor of Secured Party.
2. Upon advance from the Note and payment of advance to seller of Collateral, Debtor has good title to the Collateral and has the authority to grant this security interest, free and clear from any setoff, claim, restriction, security interest, or encumbrance except (a) as disclosed in this agreement; and (b) liens granted to Secured Party.
3. None of the Collateral is an accession to any goods, is commingled with other goods, is or will become an accession or part of a product or mass with other goods.
4. All information about Debtor's financial condition is or will be accurate, to the best of their knowledge, when provided to Secured Party.
5. None of the Collateral is affixed to real estate.
6. The execution, delivery, and performance of this Security Agreement and any instrument in connection herewith have been duly authorized and do not and will not (i) contravene or violate any legal requirement; (ii) result in the breach of, or constitute a default under, any instrument to which Debtor is a party or by which any of Debtor's property may be bound or affected; or (iii) result in a requirement to create any lien upon any of Debtor's property other than liens granted to Secured Party on the Collateral.
7. The obligations were not incurred primarily for personal, family, or household purposes.
8. The Collateral was not acquired and will not be held primarily for personal, family, or household purposes.

B. Debtor agrees to:

1. Defend the Collateral against all claims adverse to Secured Party's interest; pay all taxes imposed on the Collateral or its use; keep the Collateral free from liens, except for liens in favor of Secured Party or for taxes not yet due; maintain the Collateral in good condition; and protect the Collateral against waste, except for ordinary wear and tear.
2. Pay all Secured Party's expenses, including reasonable attorney's fees, incurred to obtain, preserve, perfect, defend, and enforce this agreement or the Collateral and to collect or enforce the obligations. These expenses will bear interest from the date of advance at the rate stated in the Note for matured, unpaid amounts and are payable on demand at the place where the obligations are payable. These expenses and interest are part of the obligations and are secured by this agreement.
3. At the request and option of Secured Party, to take any and all other actions Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Secured Party to enforce, its security interest in any and all of the Collateral, including, without

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limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Debtor's signature thereon is required therefor, and (b) causing Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, Secured Party's security interest in such Collateral.

4. Notify Secured Party immediately of any material change in (a) the Collateral, (b) Debtor's Mailing Address, (c) the location of the Collateral, (d) any other representation or warranty in this agreement.

5. Use the Collateral primarily according to the stated classification.

6. Maintain accurate records of the Collateral at the address set forth above.

7. Permit Secured Party to inspect the Collateral.

8. Pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this agreement.

C. Debtor agrees not to:

1. Pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than the Secured Party.

2. Sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein.

3. Permit the Collateral to be affixed to any real estate, to become an accession to any goods, to be commingled with other goods, to become a fixture, accession, or part of a product or mass with other goods.

D. Insurance and Risk of Loss:

1. Debtor will insure (or cause to be insured) the Collateral in accordance with Secured Party's reasonable requirements regarding choice of carrier, risks insured against, and amount of coverage. Policies must be written in favor of Debtor, be endorsed to name Secured Party or Assigns as an additional insured or as otherwise directed in writing by Secured Party, and provide that Secured Party will receive at least ten days' notice before cancellation.

2. Debtor assumes all risk of loss to the Collateral.

E. Default and Remedies:

1. A default exists if—

a. Debtor fails to timely pay or perform any obligation or covenant in any written agreement between Secured Party and Debtor:

b. any warranty, covenant, or representation in this agreement or in any other written agreement between Secured Party and Debtor is materially false when made;

c. a receiver is appointed for Debtor or the Collateral;

d. the Collateral is assigned for the benefit of creditors;

e. a bankruptcy or insolvency proceeding is commenced by Debtor; or

f. any Collateral is transported beyond the continental boundaries of the United States of America and/or Mexico.

2. If a default exists, Secured Party may--

- a. demand, collect, convert, redeem, settle, compromise, receipt for, realize on, sue for, and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires, or take control of any proceeds of the Collateral and apply the proceeds against the obligations;
- b. take possession of any Collateral not already in Secured Party's possession, without demand or legal process;
- c. without taking possession, sell, lease, or otherwise dispose of the Collateral at any public or private sale in accordance with law; and
- d. exercise any rights and remedies granted by law or this agreement.

3. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell the Collateral under the terms of this agreement. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other. Secured Party's rights and remedies include all those granted by law and those specified in this agreement.

4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any default does not waive any other default by Debtor. Secured Party's waiver of any right in this agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

5. Secured Party has no obligation to clean or otherwise prepare the Collateral for sale.

6. Secured Party has no obligation to satisfy the obligations hereunder by attempting to collect the obligations from any other person liable for it. Secured Party may release, modify, or waive any collateral provided by any other person to secure any of the obligations. If Secured Party attempts to collect the obligations from any other person liable for it or releases, modifies, or waives any collateral provided by any other person, that will not affect Secured Party's rights against Debtor. Debtor waives any right Debtor may have to require Secured Party to pursue any third person for any of the obligations.

7. If Secured Party must comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, such compliance will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

8. Secured Party may sell the Collateral without giving any warranties as to the Collateral. Secured Party may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of a sale of the Collateral.

9. If Secured Party sells any of the Collateral on credit, Debtor will be credited only with payments actually made by the purchaser and received by Secured Party for application to the indebtedness of the purchaser. If the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor will be credited with the proceeds of the sale.

10. If Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting the purchase price against the obligations.

11. Secured Party has no obligation to marshal any assets in favor of Debtor or against or in payment of the Note, any of the other obligations, or any other obligation owed to Secured Party by Debtor or any other person.

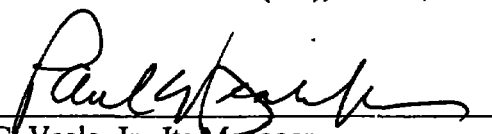
12. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and all prerequisites to the sale specified by this agreement and by law will be presumed satisfied.

F. General:

1. In the Secured Party's discretion, if the Debtor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. The Debtor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Default or Event of Default.
2. Notice is reasonable if it is mailed, postage prepaid, to Debtor at Debtor's Mailing Address at least thirty days before any public sale or thirty days before the time when the Collateral may be otherwise disposed of without further notice to Debtor.
3. This security interest will neither affect nor be affected by any other security for any of the obligations. Neither extensions of any of the obligations nor releases of any of the Collateral will affect the priority or validity of this security interest.
4. This agreement binds, benefits, and may be enforced by the successors in interest of Secured Party and will bind all persons who become bound as debtors to this agreement. Assignment of any part of the obligations and Secured Party's delivery of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. If such an assignment is made, Debtor will render performance under this agreement to the assignee. Debtor waives and will not assert against any assignee any claims, defenses, or setoffs that Debtor could assert against Secured Party except defenses that cannot be waived. All representations, warranties, and obligations are joint and several as to each Debtor.
5. This agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.
6. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.
7. This agreement will be construed according to Texas law, without regard to choice of law rules of any jurisdiction. This agreement is to be performed in the county of Secured Party's Mailing Address.
8. In no event may this agreement secure payment of any debt subject to Title IV of the Texas Finance Code or create a lien otherwise prohibited by law.
9. When the context requires, singular nouns and pronouns include the plural.

RIO GRANDE CHEMICAL, LTD.

By: Rio Grande Chemical (GP), L.L.C., Its General Partner

By: 
Paul G. Veale, Jr., Its Manager

Collateral Transfer of Note and Security Agreement

Date: August 8, 2008

Debtor: PAUL G. VEALE, JR.

Debtor's Mailing Address:

901 Lindberg
McAllen, Texas 78501
Hidalgo County

Secured Party: FIRST NATIONAL BANK

Secured Party's Mailing Address:

100 W. Cano / P.O. Box 810
Edinburg, Texas 78540-0810
Hidalgo County

Classification of Collateral: Instrument

Collateral (including all accessions): All of Debtor's interest in the Collateral Note and the Collateral Note Security.

Collateral Note: \$2,950,000.00 Note executed by RIO GRANDE CHEMICAL, LTD., a Texas limited partnership, and payable to the order of PAUL G. VEALE, JR. dated July 8, 2008.

Current balance: \$2,950,000.00

Collateral Note Security: Security Agreement (Equipment) dated July 8, 2008, from RIO GRANDE CHEMICAL, LTD., as Debtor, to PAUL G. VEALE, JR., as Security Party.

Property description:

ALL OF THE INTEREST OF RIO GRANDE CHEMICAL, LTD., IN, AND ALL RENTAL PROCEEDS OF (i) FIFTY-NINE (59) 1999 TRINITY 110-TON COVERED HOPPER RAILCARS, NUMBERS RGCX 20171 THROUGH RGCX20216 AND RGCX 20218 THROUGH RGCX 20230 (COLLECTIVELY, THE "RAILCARS"); (ii) ALL ACCESSORIES, FIXTURES AND EQUIPMENT RELATED TO THE RAILCARS; AND (iii) ALL CONTRACT RIGHTS OR RIGHTS TO THE PAYMENT OF MONEY ASSOCIATED WITH THE RENT OF THE RAILCARS (THE "COLLATERAL").

Obligation:

Note in the amount of \$2,950,000.00 executed by PAUL G. VEALE, JR. and payable to the order of FIRST NATIONAL BANK dated August 8, 2008.

Collateral Note Payments: All payments on the Collateral Note are to be made directly to Debtor until after the occurrence of an event of default which is not cured within twenty (20) days after Secured Party notifies Debtor of the event of default, at which time Secured Party may notify the Collateral Note maker to make all future payments to Secured Party.

Debtor grants to Secured Party a security interest in the Collateral and all its proceeds to secure Debtor's Obligation and all renewals of any of the Obligation.

A. Debtor represents and warrants the following:

1. Debtor has the authority to grant this security interest, free from any setoff, claim, restriction, security interest, or encumbrance except liens for taxes not yet due.
2. All information about Debtor's financial condition is or will be accurate when provided to Secured Party.
3. The current balance of the Collateral Note is correct.
4. The Collateral Note has not been modified and is not in default.
5. There are no defenses or offsets to the Collateral Note.
6. The lien of the Collateral Note Security is a first lien.
7. The Collateral represents the valid, legally enforceable obligation of the Collateral Note maker.
8. Debtor will keep the records of payments on the Collateral Note at Debtor's Mailing Address.

B. Debtor agrees to-

1. Defend the Collateral against all claims adverse to Secured Party's interest and keep the Collateral free from liens.
2. Pay all of Secured Party's reasonable expenses incurred to obtain, preserve, perfect, defend, and enforce this agreement or the Collateral and to collect or enforce the Obligation. These expenses will bear interest from the date of advance at the highest rate allowed by law and are payable on demand at the place where the Obligation is payable. These expenses and interest will become part of the Obligation and will be secured by this agreement.
3. Sign any documents that Secured Party considers necessary to obtain, maintain, and perfect this security interest.
4. Notify Secured Party immediately of any material change in the Collateral; change in Debtor's name, address, or location; change in any warranty or representation in this agreement; change that may affect this security interest; and any event of default
5. Maintain accurate records of the Collateral; furnish Secured Party any requested information related to the Collateral; and allow Secured Party to inspect and copy all records relating to the Collateral

during normal business hours and with 24 hours notice.

6. Perform all obligations required under the Collateral Note Security.
7. Preserve the liability of all obligors on the Collateral and preserve the priority of all security for the Collateral.
8. On Secured Party's demand after an event of default which is not cured within twenty (20) days after Secured Party notifies Debtor of the event of default, deposit all payments received as proceeds of the Collateral in a special bank account designated by Secured Party, who alone will have power of withdrawal.
9. Cause the Collateral Note maker to pay and perform all obligations under the Collateral Note and the Collateral Note Security and inform Secured Party immediately of default in the payment or performance of the Collateral Note.

C. Debtor agrees not to-

1. Renew, extend, or modify the Collateral Note or grant releases of any part of the property securing the Collateral Note.
2. Modify any terms in the Collateral Note Security.

D. Default and Remedies

1. Debtor's defaults are-
 - a. failing to timely pay or perform any Obligation, covenant, or liability in this written agreement between Debtor and Secured Party;
 - b. making any false warranty, covenant, or representation in this agreement to Secured Party;
 - c. having a receiver appointed for Debtor or any of the Collateral;
 - d. assigning the Collateral for the benefit of creditors;
 - e. to the extent permitted by law, having bankruptcy or insolvency proceedings commenced against or by any of the following parties: Debtor; or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party, or other person liable on or for any part of the Obligation;
 - f. the dissolution of any of the following parties: Debtor; or any maker, drawer, acceptor, endorser, guarantor, surety, accommodation party, or other person liable on or for any part of the Obligation; and
 - g. any default under the Collateral Note or the Collateral Note Security.
2. Secured Party may at any time-

- a. take control of any proceeds of the Collateral;
- b. release any Collateral in Secured Party's possession to any debtor, temporarily or otherwise;
- c. take control of proceeds of insurance on the Collateral Note Security and reduce any part of the Obligation accordingly or permit Debtor to use such funds to repair or replace damaged or destroyed Collateral covered by insurance;
- d. demand, collect, convert, redeem, settle, compromise, receipt for, realize on, sue for, and adjust the Collateral either in Secured Party's or Debtor's name, as Secured Party desires; or
- e. exercise all other rights available to an owner of such Collateral.

3. During the existence of any event of default which is not cured within twenty (20) days after Secured Party notifies Debtor of the event of default, Secured Party may-

- a. declare the unpaid principal and earned interest of the Obligation immediately due in whole or part;
- b. enforce the Obligation; and
- c. exercise any rights and remedies granted by law or this agreement.

4. Foreclosure of this security interest by suit does not limit Secured Party's remedies, including the right to sell the Collateral under the terms of this agreement. Secured Party may exercise all remedies at the same or different times, and no remedy is a defense to any other. Secured Party's rights and remedies include all those granted by law or otherwise, in addition to those specified in this agreement.

5. If the Collateral is sold after default, recitals in the bill of sale or transfer will be prima facie evidence of their truth and all prerequisites to the sale specified by this agreement and by law will be presumed satisfied.

E. Collateral Note/Enforcement

1. Debtor has endorsed and delivered the Collateral Note to Secured Party. Secured Party is the holder of the Collateral Note. Any foreclosure action requested by Debtor is void without the joinder of Secured Party.

2. Debtor assigns, transfers, and conveys to Secured Party all amounts due on the Collateral Note. Collateral Note maker is directed to make payments on the Collateral Note in accordance with the Collateral Note payments provision above.

3. Debtor indemnifies Secured Party from all claims made against or incurred by Secured Party from any action in connection with the Collateral Note or the Collateral Note Security documents.

.F. General

1. Notice is reasonable if it is mailed, postage prepaid, to Debtor at Debtor's Mailing Address at

least ten days before any public sale or ten days before the time when the Collateral may be otherwise disposed of without further notice to Debtor.

2. This security interest will neither affect nor be affected by any other security for any of the Obligation. Neither extensions of any of the Obligation nor releases of any of the Collateral will affect the priority or validity of this security interest as to any third person.

3. This agreement binds, benefits, and may be enforced by the successors in interest of the parties, except as otherwise provided. Assignment of any part of the Obligation and Secured Party's delivery of any part of the Collateral will fully discharge Secured Party from responsibility for that part of the Collateral. All representations, warranties, and obligations are joint and several as to each Debtor.

4. Secured Party's delay in exercising, partial exercise of, or failure to exercise any of its remedies or rights does not waive Secured Party's rights to subsequently exercise those remedies or rights. Secured Party's waiver of any default does not waive any further default by Debtor. Secured Party's waiver of any right in this agreement or of any default is binding only if it is in writing. Secured Party may remedy any default without waiving it.

5. This agreement may be amended only by an instrument in writing signed by Secured Party and Debtor.

6. The unenforceability of any provision of this agreement will not affect the enforceability or validity of any other provision.

7. This agreement will be construed according to Texas law. This agreement is to be performed in the county of Secured Party's Mailing Address.

8. Interest on the Obligation secured by this agreement will not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under law. Any interest in excess of that maximum amount will be credited on the principal of the Obligation or, if that has been paid, refunded. On any acceleration or required or permitted prepayment, any such excess will be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the Obligation or, if the principal of the Obligation has been paid, refunded. This provision overrides any conflicting provisions in this and all other instruments concerning the Obligation.

9. In no event may this agreement secure payment of any debt subject to title IV of the Texas Finance Code or create a lien otherwise prohibited by law.

10. When the context requires, singular nouns and pronouns include the plural.


PAUL G. VEALE, JR.

STATE OF TEXAS)

COUNTY OF HIDALGO)

This instrument was acknowledged before me on Aug. 8, 2008, by PAUL G. VEALE, JR.

Dorothy Thomas
Notary Public, State of Texas

PREPARED IN THE OFFICE OF:
Law Office of Jefferson A. Crabb
3019 W. Alberta Road
Edinburg, Texas 78539-3118
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